

32nd ALASKA STATE LEGISLATURE
FIRST SESSION
SPECIAL SESSION
CONFERENCE COMMITTEE ON HB 69 and HB 71
June 12, 2021
5:33 p.m.

5:33:55 PM

CALL TO ORDER

Chair Foster called the Conference Committee meeting on HB 69 and HB 71 to order at 5:33 p.m.

MEMBERS PRESENT:

House:

Representative Neal Foster, Chair
Representative Kelly Merrick
Representative Bart LeBon

Senate:

Senator Bert Stedman, Vice-Chair
Senator Click Bishop
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT:

Alexei Painter, Director, Legislative Finance Division

SUMMARY

HB 69 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 69 was HEARD and HELD in committee for further consideration.

HB 71 APPROP: MENTAL HEALTH BUDGET

HB 71 was HEARD and HELD in committee for further consideration.

#HB69

#HB71

CS FOR HOUSE BILL NO. 69(FIN) am(brf sup maj fld)(efd fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; and making capital appropriations, supplemental appropriations, and reappropriations."

SCS CSHB 69(FIN) AM S

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making capital appropriations, supplemental appropriations, and reappropriations; and providing for an effective date."

and

CS FOR HOUSE BILL NO. 71(FIN) am

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making supplemental appropriations; and providing for an effective date."

SENATE CS FOR CS FOR HOUSE BILL NO. 71(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making capital appropriations and supplemental appropriations; and providing for an effective date."

Chair Foster invited Alexei Painter, Director of the Legislative Finance Division to join the committee at the table. He noted that the committee would be addressing open items in HB 69 and HB 71 based on the motion sheets distributed to members and dated June 12th (copy on file) on the departments of:

FY 22 OPERATING BUDGET:

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DEPARTMENT OF LAW

UNIVERSITY OF ALASKA
FISCAL NOTES

FY 22 CAPITAL BUDGET:

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT
DEPARTMENT OF CORRECTIONS
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DEPARTMENT OF FISH AND GAME
OFFICE OF THE GOVERNOR
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF LAW
DEPARTMENT OF MILITARY AND VETERAN AFFAIRS
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF PUBLIC SAFETY
DEPARTMENT OF REVENUE
DEPARTMENT OF TRANSPORTATIONS AND PUBLIC FACILITIES
UNIVERSITY
JUDICIARY
MENTAL HEALTH

^DEPARTMENT OF HEALTH AND SOCIAL SERVICES

5:34:49 PM

Vice-Chair Stedman MOVED to ADOPT the following within the
Department of Health and Social Services budget:

Item 35	Open	
Item 36	Open	
Item 42	House	Both items
Item 43	House	Modify intent to read: "it is the intent of the legislature that the department draw up to 70 new individuals from the intellectual and Developmental Disabilities waiver waitlist in FY22 to receive services. The department shall submit a waiver amendment to the Centers for Medicare and Medicaid to ensure costs for this increased draw will be matched with federal dollars."
Item 44	Open	

Item 45 Open
Item 46 Open
Item 47 Open

There being NO OBJECTION, items 35, 36, and 42 through 47 within the Department of Health and Social Services budget were ADOPTED.

^DEPARTMENT OF LAW

5:36:02 PM

Vice-Chair Stedman MOVED to ADOPT the following within the Debt Service budget:

Item 1	Senate	
Item 2	House	
Item 3	Senate	
Item 4	House	
Item 5	Senate	
Item 6	Senate	
Item 7	Senate	
Item 8	Senate	
Item 9	Senate	
Item 10	Senate	
Item 11	House	
Item 12	House	
Item 13	House	Modify, Fund source swap 1235 (AGDC-LNG) to 1004 (UGF)
Item 14	House	Modify, Fund Source swap 1004 (UGF) to 1007 (I/A Receipts)
Item 15	House	

Chair Foster OBJECTED for an explanation.

5:37:34 PM

AT EASE

5:39:28 PM

RECONVENED

Vice-Chair Stedman clarified the page numbers in the previous motion.

Representative LeBon looked at the items for the Department of Law. He asked if any items had been left open.

Chair Foster answered that the motion would close all items within the Department of Law budget.

Chair Foster WITHDREW his OBJECTION.

There being NO further OBJECTION, items 1 through 15 within the Department of Law budget were ADOPTED.

^UNIVERSITY OF ALASKA

[5:40:55 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Fund Capitalization budget:

Item 1	Senate	
Item 2	House	
Item 3	House	Modify, to replace \$20 million in language with \$10 million

Representative LeBon OBJECTED to item 1. He stated that the University was best suited with a single appropriation, which had been passed by the House. He elaborated that in a period of declining budget funding the method provided the University with more flexibility to allocate money more efficiently. He objected to the two separate appropriations included in the budget passed by the Senate.

[5:41:52 PM](#)

Senator Olson agreed with Representative LeBon. He had discussed the issue with individuals from the University who had communicated a preference for the single appropriation despite the fact there was less money than in two appropriations.

Chair Foster asked if there were objections to any of the other items.

Representative LeBon OBJECTED to item 3. He objected to the reduction in receipt authority from \$20 million to \$10 million. He believed the receipt authority would better serve the University at \$20 million versus \$10 million. He recommended the committee consider increasing the number to \$20 million. He added that the receipt authority funding included federal, tuition, and any other sources. He highlighted that during a period of declining budgets,

giving the University the added tool to seek out funding from any available fund sources showed support from the legislature.

Chair Foster noted there had been no objection to item 2. There being NO OBJECTION, item 2 was ADOPTED.

Chair Foster asked Representative LeBon and Senator Olson if they maintained the objection to item 1.

Representative LeBon and Senator Olson MAINTAINED the OBJECTION.

A roll call vote was taken on the motion to adopt item 1.

IN FAVOR: Representative Foster, Senator Stedman,
Representative Merrick, Senator Bishop

OPPOSED: Representative LeBon, Senator Olson

The MOTION PASSED (4/2). There being NO further OBJECTION, item 1 was ADOPTED.

[5:44:46 PM](#)

Chair Foster returned to item 3 to accept \$10 million in receipt authority.

Representative LeBon clarified his desire to use the \$20 million receipt authority figure.

Chair Foster explained that the conference committee recommendation was to replace the \$20 million in receipt authority with \$10 million. The proposal was to accept the \$10 million.

Representative LeBon OBJECTED to the reduction.

Chair Foster asked if there was any further discussion on item 3. He clarified that the question for the committee was whether or not to accept the House position modified from \$20 million to \$10 million in receipt authority for the University.

Representative LeBon asked for verification that the House had proposed \$20 million in receipt authority.

Chair Foster agreed. He noted that the conference committee proposal was to reduce the figure to \$10 million.

Representative LeBon asked if he could move to amend item 3 to increase the figure to \$20 million. Alternatively, he wondered if he should just speak against the reduction to \$10 million. He wanted the receipt authority to remain at \$20 million.

Chair Foster believed an amendment could be offered.

[5:46:58 PM](#)

AT EASE

[5:48:44 PM](#)

RECONVENED

Chair Foster asked if Representative LeBon had decided against proposing an amendment.

Representative LeBon answered that he would not make an amendment. He did not want to lose the \$10 million. He WITHDREW his OBJECTION.

Chair Foster clarified that it sounded like amendments to a motion were not part of the conference committee process.

There being NO further OBJECTION, item 3 was ADOPTED.

^FISCAL NOTES

[5:49:55 PM](#)

Chair Foster addressed the fiscal note packet for HB 69 and HB 71.

Vice-Chair Stedman MOVED to ADOPT the fiscal note appropriation packet for HB 69 and HB 71.

Chair Foster OBJECTED for purpose of explanation.

Vice-Chair Stedman explained the following:

1. The packet makes appropriations associated with the bills listed.

2. If a bill is vetoed by the Governor, the appropriations associated with that bill are removed from the operating budget.
3. The attached reports prepared by the Legislative Finance Division list the fund sources and agencies associated with the bill.

Chair Foster noted that one of the items pertained to the governor's Public Employees' Retirement System (PERS) bill. He asked Mr. Painter to explain both bills.

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION explained that the one complicated fiscal note pertained to SB 55, the employer contribution to PERS. He referenced a statement at the beginning of the fiscal note section explaining that the fiscal notes were incorporated throughout the bills because it had the effect of decreasing funding for the retirement line in the language section and increasing funding for state agencies all throughout the budget. He elaborated that rather than listing hundreds of allocations in the fiscal note, there was a report listing the items, which would be adopted into Section 1. The language portions dealing with the retirement system and the Alaska Marine Highway System would be incorporated into the language section.

Chair Foster asked Mr. Painter to touch on the fiscal impact.

Mr. Painter explained that bill increased funding to state agencies to pay for the higher employer contribution to PERS and decreased the state assistance funding. The net fiscal impact in unrestricted general funds (UGF) was a savings of approximately \$23 million between the two bills.

Chair Foster WITHDREW his OBJECTION.

There being NO further OBJECTION, the fiscal note packets for HB 69 and HB 71 were ADOPTED.

[5:52:56 PM](#)

Chair Foster relayed that the committee would recess. There was a possibility of returning later in the evening.

Senator Olson asked if the committee could potentially meet again later in the day.

Chair Foster Agreed. He RECESSED the meeting.

[5:53:46 PM](#)

RECESSED

[8:25:09 PM](#)

RECONVENED

Chair Foster relayed that the committee would hear capital budget items. He detailed that the budget included state matching funds to leverage federal funds for roads, airports, and sanitation systems. The capital budget also included some items from the general obligation bond proposal considered earlier in the session including projects on the Statewide Transportation Improvement Program (STIP) list, the Airport Improvement (AIP) list, and a handful of other items. He reported that the motion sheets included items on the departments of:

FY 22 CAPITAL BUDGET

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT
DEPARTMENT OF CORRECTIONS
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DEPARTMENT OF FISH AND GAME
OFFICE OF THE GOVERNOR
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DEPARTMENT OF LAW
DEPARTMENT OF MILITARY AND VETERAN AFFAIRS
DEPARTMENT OF NATURAL RESOURCES
DEPARTMENT OF PUBLIC SAFETY
DEPARTMENT OF REVENUE
DEPARTMENT OF TRANSPORTATIONS AND PUBLIC FACILITIES
UNIVERSITY
JUDICIARY
MENTAL HEALTH

[8:27:09 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Commerce, Community and Economic Development capital budget:

Item 1	Senate	Both items
Item 2	Senate	
Item 3	Senate	Both items
Item 4-7	Senate	All items
Item 8	Senate	
Item 9	Senate	
Item 10	Senate	Modify, from grants to named recipients to grants to municipalities
Item 11	Senate	Modify, from grants to named recipients to grants to municipalities
Item 12	Open	
Item 13	Senate	
Item 14	Open	

Senator Olson OBJECTED to item 8 related to the West Susitna Road access for \$8.5 million.

Chair Foster set aside item 8. There being NO OBJECTION, items 1 through 7 and 9 through 14 were ADOPTED.

Senator Olson addressed his objection to item 8 related to the West Susitna Road access. He asked for additional information. He remarked that the road had been studied in detail and there was currently only a small access road that was closed part of the year.

Senator Bishop answered that the \$8.5 million was to continue the permitting and field work for the project.

Senator Olson asked which project Senator Bishop was referring to.

Senator Bishop stated it was the West Susitna Road access project.

Mr. Painter provided clarification on the fund source identified as 1002 federal receipts. He believed it was the intent of the committee to revisit the fund source in a future meeting.

Senator Olson asked for clarification on the funding source.

Mr. Painter relayed that the Senate version had funded the item with federal receipts. He explained that the fund

source was hollow authorization with the intent to change to a different fund source in the future.

Senator Olson thought the method sounded unusual.

Vice-Chair Stedman asked if the forthcoming adjustments of fund sources should be explained.

Chair Foster asked if Vice-Chair Stedman was referring to something specific.

Vice-Chair Stedman explained that the fund source for the project would be reviewed and changed from federal receipts the following day.

[8:30:57 PM](#)

AT EASE

[8:32:53 PM](#)

RECONVENED

Senator Olson MAINTAINED his OBJECTION to the adoption of item 8.

A roll call vote was taken on the motion.

IN FAVOR: Senator Bishop, Representative Merrick,
Representative LeBon, Senator Stedman, Representative Foster

OPPOSED: Senator Olson

The MOTION PASSED (5/1). There being NO further OBJECTION, item 8 within the Department of Commerce, Community and Economic Development capital budget was ADOPTED.

There being NO further OBJECTION, items 1 through 14 within the Department of Commerce, Community and Economic Development capital budget were ADOPTED.

[8:34:02 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Department of Corrections capital budget:

Item 1 Senate

There being NO OBJECTION, it was so ordered.

8:34:14 PM

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Education and Early Development capital budget:

Item 1-3 Senate

Representative LeBon OBJECTED for discussion. He asked for background on the Houston middle school replacement. He believed the school needed replacement due to earthquake damage. He asked for a summary of the total replacement funds needed for the project. He believed the project cost exceeded the \$9 million increment under discussion.

Mr. Painter answered that the increments reflected a portion of the cost. The additional portion would be paid through FEMA [Federal Emergency Management Agency] reimbursement and insurance. He did not have the exact amounts of the other reimbursements. He explained that the capital budget increment reflected the remaining costs.

Representative LeBon recalled the discussion in the House Finance Committee. He thought the school replacement was closer to \$25 million.

Chair Foster asked Mr. Painter if he knew the total project cost.

Mr. Painter answered that he did not want to speculate on the total.

Representative LeBon highlighted that the total cost exceeded \$9 million. He WITHDREW his OBJECTION.

There being NO further OBJECTION, items 1 through 3 within the Department of Education and Early Development capital budget were ADOPTED.

8:36:16 PM

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Environmental Conservation capital budget:

Item 1-2 Senate

Item 3-4 Senate All items

There being NO OBJECTION, items 1 through 4 within the Department of Environmental Conservation capital budget were ADOPTED.

[8:36:38 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Fish and Game capital budget:

Items 1-7 Senate All items

There being NO OBJECTION, items 1 through 7 within the Department of Fish and Game capital budget were ADOPTED.

[8:37:13 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Office of the Governor capital budget:

Items 1-2 Senate

There being NO OBJECTION, items 1 and 2 within the Office of the Governor capital budget were ADOPTED.

[8:37:30 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Health and Social Services capital budget:

Items 1-3 Senate
Items 4-7 Senate

There being NO OBJECTION, items 1 through 7 within the Department of Health and Social Services capital budget were ADOPTED.

[8:38:03 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Labor and Workforce Development capital budget:

Item 1 Senate

Representative LeBon OBJECTED for discussion. He asked for more detail on the location of the technical center that would be upgraded.

Senator Bishop answered that the location was in Seward. He elaborated that the item was for the state's vocational training center, which fell under the jurisdiction of the Department of Labor and Workforce Development. He detailed that the increment was for housing that had been needed for 16 years.

Representative LeBon WITHDREW his OBJECTION.

There being NO further OBJECTION, item 1 within the Department of Labor and Workforce Development capital budget was ADOPTED.

[8:38:57 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Law capital budget:

Item 1 Senate Both items

There being NO OBJECTION, item 1 within the Department of Law capital budget was ADOPTED.

[8:39:13 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Military and Veterans Affairs capital budget:

Items 1-4 Senate

There being NO OBJECTION, items 1 through 4 within the Department of Military and Veterans Affairs capital budget were ADOPTED.

[8:39:38 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Natural Resources capital budget:

Items 1-9 Senate All items

Items 10-21 Senate All Items

Items 22-26 Senate

Items 27-36 Open

There being NO OBJECTION, items 1 through 36 within the Department of Natural Resources capital budget were ADOPTED.

[8:40:16 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Public Safety capital budget:

Item 1-9 Senate

There being NO OBJECTION, items 1 through 9 within the Department of Public Safety capital budget were ADOPTED.

[8:40:43 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Revenue budget:

Item 1-10 Senate All items

There being NO OBJECTION, items 1 through 10 within the Department of Revenue capital budget were ADOPTED.

[8:41:02 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Department of Transportation and Public Facilities budget:

Items	1-9	Senate All items
Item	10	Open
Items	11-64	Senate All items with the exception of items 24 and 25 which were duplicate appropriations which would be House for the Airport Improvement Program
Items	65-67	Senate All items (federal match program)
Item	68-72	Senate All items (statewide federal programs)
Items	73-207	Senate All items (Surface Transportation Program)

[8:42:27 PM](#)

Senator Olson OBJECTED to item 39 related to parking garage repairs. He asked where the parking garage was located.

8:42:55 PM

AT EASE

8:45:00 PM

RECONVENED

Vice-Chair Stedman clarified that the last portion of his motion for items 73 through 207 were on pages 24 through 38.

Mr. Painter responded to Senator Olson's question regarding item 39. He stated the increment was part of the international airports. He detailed that Anchorage and Fairbanks had the two international airports run by the state. He reported that only Anchorage had a parking garage; therefore, he had been told the increment pertained to Anchorage.

Senator Olson stated that he had no further comments [on item 39].

Representative LeBon asked about item 91 related to a project in an intersection of the road entering Fort Wainwright. He had concern about the project. He believed the nature of the interchange would be better served as an overpass and not a more complicated, interactive intersection. He suspected the proposed project may be less expensive; however, he believed an overpass would have better long-term use. He did not know what good it did to speak against the project design at the current point in the process, but he believed the department was approaching the intersection in the wrong way.

8:47:08 PM

Representative LeBon WITHDREW his OBJECTION to item 91.

Senator Olson WITHDREW his OBJECTION to item 39.

There being NO further OBJECTION, items 1 through 207 within the Department of Transportation and Public Facilities capital budget were ADOPTED.

8:47:44 PM

Vice-Chair Stedman MOVED to ADOPT the following in the University of Alaska capital budget:

Item 1-4 Senate all items

There being NO OBJECTION, items 1 through 4 within the University of Alaska capital budget were ADOPTED.

[8:48:02 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Judiciary capital budget:

Item 1 Senate

There being NO OBJECTION, item 1 within the Judiciary capital budget was ADOPTED.

[8:48:23 PM](#)

Vice-Chair Stedman MOVED to ADOPT the following in the Mental Health capital budget:

Item 1 House
Item 2 House both items
Item 3 Senate
Item 4-7 House all items

[8:48:56 PM](#)

AT EASE

[8:49:37 PM](#)

RECONVENED

Vice-Chair Stedman corrected that item 1 House was only one item.

There being NO OBJECTION, items 1 through 7 within the Mental Health capital budget were ADOPTED.

Chair Foster clarified that the items discussed were capital budget items. He noted that the Senate numbers had been adopted for most of the items. He explained that the capital budget had been rolled into the operating budget. He thanked Senator Bishop and Representative Merrick for their collaborative work on the package.

Chair Foster indicated the committee had covered the agenda for the day.

Vice-Chair Stedman MOVED to ADJOURN. There being NO OBJECTION, it was so ordered.

ADJOURNMENT

[8:50:56 PM](#)

The meeting was adjourned at 8:50 p.m.